

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01 TRSE-00

EB-07 COME-00 NSCE-00 ACDA-07 /071 W

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R 030707Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7001

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC

CINCPACFLT

CINCPACAF

CINCPACREP PHIL

CG 13TH AF CLARK

C O N F I D E N T I A L MANILA 9675

CINCPAC ALSO FOR POLAD

FROM USDEL 69

E.O. 11652: GDS

TAGS: MARR, RP

SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 10

1. SUMMARY. U.S. AND PHILIPPINE NEGOTATING PANELS SPENT ALL DAY JULY 1 AND 2 VISITING CLARK, WALLACE, SAN MIGUEL AND SUBIC. DESPITE SOME RESIDUAL BAD WEATHER FROM TROPICAL STORM RUBY JULY 1, ALL OUR PURPOSES WERE ACCOMPLISHED AND FILIPINOS SEEM TO HAVE SOBERING REALIZATION OF COMPLEXITIES OF BASES AS WELL AS FACT U.S. FORCES ARE DEDICATED TO COMBAT CAPABILITIES AND ARE NOT OCCUPATION TROOPS. PLENARY SESSIONS RESUMED SATURDAY, JULY 3, WITH RELATIVELY BRIEF MEETING DEVOTED TO DISCUSSIONS OF STRATEGY AS WELL AS FUTURE WORK SCHEDULE, FOLLOWED BY AN EXECUTIVE SESSION OF SENIOR PANEL MEMBERS WHICH REVIEWED ADDITIONAL MATTERS OF INTEREST. AT PHIL SUGGESTION NEXT SESSION SET FOR TUESDAY, CONFIDENTIAL

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JULY 6, IN ORDER OBSERVE PHIL-AM FRIENDSHIP DAY JULY 5. END

SUMMARY.

2. PLENARY SESSION RESUMED AT 9:30 AM JULY 3 WITH EXPRESSIONS OF GRATITUDE BY PHIL PANEL FOR US-HOSTED TOURS OF CLARK, WALLACE, SUBIC AND SAN MIGUEL, WHICH ROMUALDEZ SAID PROVIDED "A GREATER APPRECIATION OF PROBLEMS ON YOUR SIDE."

3. ROMUALDEZ PROPOSED TIMETABLE FOR CONTINUING NEGOTIATIONS WHICH WOULD HAVE (A) WORKING GROUPS COMPLETING DRAFTING OF SPECIFIC PROVISIONS BY JULY 16, (B) REVIEW OF PROVISIONS IN PLENARY COMPLETED BY JULY 26, (C) A DRAFT AGREEMENT READY FOR SIGNATURE IN EARLY AUGUST. AMBASSADOR SULLIVAN WELCOMED IDEA OF TIMETABLE BUT WITHHELD COMMENT ON SPECIFICS OF RATHER COMPLEX SCHEDULE CHART PENDING FURTHER STUDY.

4. AMBASSADOR SULLIVAN PRESSED HARD FOR INDICATION OF "DEFENSE SUPPORT" FIGURES WHICH GOP HAS IN MIND FOR ARTICLE XIX OF ITS DRAFT, POINTING OUT THAT MONEY ISSUE IS ONE WHICH WILL REQUIRE ATTENTION OF EXECUTIVE AND LEGISLATIVE BRANCHES OF USG AND WILL LIKELY HAVE BEARING ON TIMETABLE WE SEEK TO FOLLOW IN TALKS.

5. ROMUALDEZ SAID THAT THERE IS A CONTINUING REVIEW WITHIN THE GOP OF THE FACTORS THAT WOULD HAVE A BEARING ON THAT FIGURE. FOR EXAMPLE, THE GOP NEEDS TO KNOW WHAT RESPONSE THE US WOULD MAKE IN THE EVENT OF AN "EMERGENCY" IN THE REED BANK AREA, WHICH THE GOP CONSIDERS PART OF THE PHILIPPINE CONTINENTAL SHELF. AMBASSADOR SULLIVAN REVIEWED THE US POSITION ON THE REED BANK AND THE SPRATLYS, NOTING THAT IT HAD BEEN PREVIOUSLY DISCUSSED IN DETAIL WITH "HIGH LEVELS" OF THE GOP. IN REVIEWING THE US POSITION, HE NOTED:

(1) THAT US AND PHILS HAVE DIFFERING INTERPRETATIONS OF THE STATUS OF THE CLAIMED AREAS WEST OF THE PALAWAN TRENCH - THE REED BANK AND THE SPRATLYS;

(2) THAT WE HAVE A DIFFERING INTERPRETATION ON THE CONTINENTAL SHELF, VIEWING THE PALAWAN TRENCH AS A DEROGATION OF THE CONTINUITY OF THE CONTINENTAL SHELF;

(3) THAT WE ARE AWARE OF THE CLAIMS IN THIS AREA OF THE PHILIPPINES, VIETNAM, THE PRC, THE REPUBLIC OF CHINA, CONFIDENTIAL

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AND PERHAPS FRANCE, AND CONSIDER THIS A DESPUTED AREA;

(4) THAT WE WILL DO NOTHING THAT MIGHT DIMINISH THE PHILIPPINE CLAIM AND THAT WE WOULD HOPE THAT THERE CAN BE A PEACEFUL SOLUTION AMONG THE VARIOUS CLAIMANTS.

6. SENATOR PELAEZ ASKED WHETHER OCCUPATION OF THE AREA BY A HOSTILE FORCE WOULD BE VIEWED BY THE US AS A THREAT TO THE BASES. AMBASSADOR SULLIVAN POINTED OUT

THAT THERE ARE ALREADY SOME VIETNAMESE ON REEF AREAS NEWAR PAGASA, BUT THAT LAND IS SO LIMITED THERE IS LITTLE POTENTIAL FOR A MEANINGFUL MILITARY PRESENCE OR THREAT. AMBASSADOR SULLIVAN ACKNOWLEDGED AMB ROMUALDEZ' POINT THAT PETROLEUM DISCOVERIES IN THE AREA COULD INCREASE INTEREST AND ACTIVITY BY THE VARIOUS CLAIMANTS.

7. THE PLENARY WAS RECESSED AT 10:10 SO THAT THE TWO PANELS COULD MEET IN EXECUTIVE SESSION. IN THAT MEETING THERE WAS SOME FURTHER DISCUSSION OF U.S. MILITARY CAPABILITIES VIS-A-VIS POTENTIAL ENEMIES IN WESTERN PACIFIC, PARTICULARLY THE SOVIETS. THERE WAS ALSO DISCUSSION OF VOA AND STATE DEPARTMENT RADIO RELAY FACILITIES WHICH ARE CURRENTLY ON CLARK, WALLACE, AND BAGUIO BASES, AS WELL AS U.S. MILITARY CEMETERY IN MANILA AND TWENTY FIVE ACRES OF FORT BONIFACIO TO WHICH PHILIPPINES OWES U.S. A VALID TITLE DOCUMENT. IT WAS GENERALLY AGREED THAT THESE MATTERS COULD BE HANDLED BY EXCHANGES OF NOTES OUTSIDE THE MILITARY BASES AGREEMENT, BUT SOME RESIDUAL DIFFICULTIES WERE CITED WITH RESPECT TO APPROXIMATELY 60 HOUSES WITHIN THE CLARK COMPLEX WHICH ARE OWNED BY STATE AND VOA.

8. UPON RECONVENING THE PLENARY AT 10:55, AMBASSADOR SULLIVAN STRESSED AGAIN THE NEED FOR RECEIVING AS SOON AS POSSIBLE THE FIGURES PROMISED FOR ARTICLE XIX OF THE PHILIPPINE DRAFT. ROMUALDEZ SAID THAT HE HAS A SET OF FIGURES WHICH HAS BEEN FLUCTUATING WITH ONGOING ASSESSMENTS OF NEEDS. HE POINTED, AS AN EXAMPLE, TO THE REED BANK AND THE SPRATLYS. ROMUALDEZ PROMISED TO PROVIDE THE FIGURES SOONEST, AND IN PRIVATE DISCUSSION WITH SULLIVAN, SAID HE THOUGHT HE COULD HAVE THEM BY JULY 7.

9. COMMENT: DURING RECESS OF TALKS, PHILIPPINE PRESS HAS REPORTED EXTENSIVELY ON MEETINGS WHICH MARCOS HAS HAD WITH HIS TEAM TO PROVIDE "NEW" INSTRUCTIONS. IF SUCH INSTRUCTIONS  
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HAVE BEEN ISSUED, FACT WAS NOT APPARENT IN JULY 3 SESSION. ON THE OTHER HAND, CONTINUED PRESSURE FOR RAPID SCHEDULE CAN ONLY BE CONSISTENT WITH ASSUMPTION THAT MAJOR CONCESSIONS WILL HAVE TO BE MADE BY ONE SIDE OR THE OTHER. SINCE PHILS HAVE NO RPT NO ILLUSION THAT US INTENDS TO MAKE SUCH CONCESSIONS, THIS MAY BE VAGUE INDICATION THAT PHILS ARE PREPARED TO MAKE SUCH CHANGES IF WE ARE PREPARED TO BE GENEROUS WITH MONEY. HENCE, OUR CONTINUED PRESSURE FOR HARD FIGURES IN THE FINANCIAL AREA.  
SULLIVAN

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